

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: DEFIANCE TELEPHONE COMPANY, MANILLA TELEPHONE COMPANY, AND FARMERS MUTUAL COOPERATIVE TELEPHONE COMPANY	DOCKET NO. SPU-02-1
	CERTIFICATE NO. 0040 CANCELLATION
	CERTIFICATE NO. 0081 CANCELLATION

**ORDER APPROVING JOINT APPLICATION FOR
DISCONTINUANCE OF SERVICE, TRANSFER OF CERTIFICATES,
AND CANCELLATION OF CERTIFICATES**

(Issued March 1, 2002)

On January 30, 2002, Defiance Telephone Company (Defiance), Manilla Telephone Company (Manilla), and Farmers Mutual Cooperative Telephone Company of Shelby County (Farmers) filed with the Utilities Board (Board) a joint application for approval of discontinuance of service and transfer of certificate pursuant to Iowa Code § 476.20(1) (2001). The filing was identified as Docket No. SPU-02-1.

Farmers is a nonrate-regulated Iowa cooperative association currently providing local exchange service to the Earling, Hancock, Harlan rural, Irwin, Jacksonville, Kirkman, and Westphalia, Iowa, exchanges pursuant to its certificate of public convenience and necessity, identified as Certificate No. 0050.

Defiance is a nonrate-regulated public utility currently providing local exchange service in the Defiance, Iowa, exchange pursuant to its certificate of public convenience and necessity, identified as Certificate No. 0040.

Manilla is a nonrate-regulated public utility providing local exchange service in the Manilla, Iowa, exchange pursuant to its certificate of public convenience and necessity, identified as Certificate No. 0081. Manilla is a wholly-owned subsidiary of Defiance.

Farmers has entered into a stock purchase agreement to acquire all of the stock of Defiance, which in turn owns all of the stock of Manilla. The transaction was to have been completed as early as February 1, 2002. Farmers plans to merge Manilla into Defiance and instantaneously dissolve Defiance into Farmers. The result of this transaction would be that the Defiance and Manilla exchanges become exchanges of Farmers, and customers of those exchanges become customers of Farmers. Farmers has stated that the stock purchase will not result in any discontinuance of service or changes in their rates for those services.

Iowa Code § 476.20(1) states that a utility shall not discontinue service, unless, permission to do so is obtained by the Board. The Board promulgated rules regarding the discontinuance of service incident to a utility property transfer in 199 IAC 7.12. Specifically, 199 IAC 7.12(5) provides that an application made under this rule will be granted if the Board finds that the transferee is ready, willing, and able to provide comparable utility service.

Farmers states that it is able to provide for the customer relations, technical requirements, and regulatory compliance necessary to provide service to customers

in the Defiance and Manilla exchanges. Farmers also provided two affidavits in support of this application, which affirm that Farmers is in good financial condition to proceed with the stock transaction and that it is able to provide the technical and managerial support necessary to provide service in those exchanges.

Iowa Code § 476.29(3) provides:

A certificate is transferable, subject to approval of the board pursuant to section 476.20, subsection 1, and for purposes of a rate-regulated local exchange utility shall be treated by the board in the same manner as reorganization pursuant to sections 476.76 and 476.77.

As neither Farmers, Defiance nor Manilla are rate regulated, the reorganization provisions of Iowa Code §§ 476.76 and 476.77 and 199 IAC 32.8 are not applicable.

The Board will approve the joint request for discontinuation of service by Defiance and Manilla in their respective exchanges. The Board will also approve the transfer of Certificate No. 0040, belonging to Defiance, and Certificate No. 0081, belonging to Manilla, to Farmers. An amended Certificate No. 0050, belonging to Farmers, will be issued concurrently with this order.

Upon the acquisition of the Defiance and Manilla exchanges, Farmers shall file revised tariffs in addition to service area boundary maps, which reflect the addition of those exchanges. Pending the approval of those tariffs and maps, service to customers in the Defiance and Manilla exchanges, shall be provided by Farmers under the current Defiance and Manilla tariffs.

IT IS THEREFORE ORDERED:

1. The joint application for approval of discontinuance of service and transfer of the certificates of public convenience and necessity from Defiance

Telephone Company and Manilla Telephone Company to Farmers Mutual Cooperative Telephone Company (Farmers), filed on January 30, 2002, is approved as described in this order.

2. Certificate No. 0040, previously issued to Defiance Telephone Company, is cancelled.

3. Certificate No. 0081, previously issued to Manilla Telephone Company, is cancelled.

4. Farmers shall file revised tariffs and service area boundary maps reflecting the addition of the Defiance and Manilla, Iowa, exchanges within 30 days of the issuance of this order.

5. An amended Certificate No. 0050 is issued to Farmers Mutual Cooperative Telephone Company of Shelby County concurrently with this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 1st day of March, 2002.